

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

RENEWAL OF CLASSIFICATION AND FEES FOR
WEIGHT-AVERAGED NONLETTER-SIZE
BUSINESS REPLY MAIL, 1999

Docket No. MC99-1

**NOTICE OF THE UNITED STATES POSTAL SERVICE
CONCERNING DECISION OF THE GOVERNORS**

The United States Postal Service hereby gives notice of the following decision of the Governors in Docket No. MC99-1:

DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON THE RECOMMENDED DECISION OF THE POSTAL RATE COMMISSION ON RENEWAL OF EXPERIMENTAL CLASSIFICATION AND FEES FOR WEIGHT-AVERAGED NONLETTER-SIZE BUSINESS REPLY MAIL, DOCKET NO. MC99-1 (May 26, 1999).

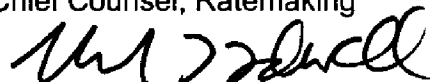
A copy of the Governors decision is attached. It is accompanied by an Attachment reflecting the resulting changes to Domestic Mail Classification Schedule § 931 and Fee Schedule 931 and the resolution of the United States Postal Service Board of Governors which establishes an implementation date for the classification and fees approved by the Governors.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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May 27, 1999

**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE
ON THE RECOMMENDED DECISION OF THE POSTAL RATE COMMISSION
ON RENEWAL OF EXPERIMENTAL CLASSIFICATION AND FEES FOR WEIGHT-
AVERAGED NONLETTER-SIZE BUSINESS REPLY MAIL, DOCKET NO. MC99-1**

May 26, 1999

STATEMENT OF EXPLANATION AND JUSTIFICATION

On May 14, 1999, the Postal Rate Commission issued its Opinion and Recommended Decision in Docket No. MC99-1. The Postal Service initiated this proceeding on March 10, 1999, with its Request for a Recommended Decision on Proposed Changes in Experimental Classification and Fees For Weight-Averaged Nonletter-Size Business Reply Mail. That request sought an extension of the current experimental classification and fees applicable to nonletter-size Business Reply Mail which is subject to the bulk weight averaging accounting method. Without an extension, the current classification and fees for weight-averaged nonletter-size Business Reply Mail (BRM) will expire on June 7, 1999, in accordance with our May 5, 1997, decision in Docket No. MC97-1.¹

In Docket No. MC99-1, on April 30, 1999, the Postal Service filed a motion before the Commission seeking acceptance of a Revised Stipulation and Agreement for settlement of the issues related to its proposal to extend the weight averaging portion of the nonletter-size Business Reply Mail experiment beyond June 7, 1999. That Revised Stipulation and Agreement follows, in all but several material respects, the terms initially requested by the Postal Service.² There was no opposition among the Docket No.

¹ We are taking no action on the current classification and fees for nonletter-size BRM subject to the reverse manifest accounting method, which also will expire on June 7, 1999, in accordance with our decision in Docket No. MC97-1.

² The differences between the original Docket No. MC99-1 request and the Revised Stipulation and Agreement are as follows: instead of continuing the current \$3000 set-
(continued...)

MC99-1 parties to this proposed settlement.³ The Recommended Decision of the Commission adopts the changes to Domestic Mail Classification Schedule § 931 and Fee Schedule 931, which are reflected in the Revised Stipulation and Agreement. The Opinion of the Postal Rate Commission that accompanies that Recommended Decision, and the Revised Stipulation and Agreement of the parties (appended thereto) thoroughly describe the background and the settlement proposal adopted by the Commission. We will not repeat those descriptions here.

As a result of the extraordinary cooperation of all of the parties in settling the issues raised by the Postal Service's request in Docket No. MC99-1, the Commission was able to issue its recommended decision in time for us to act well in advance of the June 7, 1999, expiration date for the current experimental classification and fees for weight-averaged nonletter-size Business Reply Mail. We commend the parties for their ratification of the Revised Stipulation and Agreement. We also greatly appreciate the Commission's efforts to issue its recommended decision with such expedition as to allow us to discharge our responsibilities in a manner which guarantees continuity in administration of the experiment from its current state to the extension we are approving today.

We have concluded that the extension of the experiment on the terms recommended by the Postal Rate Commission will help maintain a fair and equitable mail classification

² (...continued)

up/qualification fee for the extension of the experiment, the fee would be eliminated altogether during the extension; instead of continuing the current \$3000 monthly fee during the extension, as proposed, the fee would be reduced to \$600; and instead continuing the current \$0.03 per-piece fee during the extension, the fee would be reduced to \$0.01 per piece. The Revised Stipulation tracks the original proposal that the fees during the extension remain in effect until February 29, 2000, or upon implementation of permanent fees, whichever comes first.

³ All of the full participants and one limited participator signed the Revised Stipulation and Agreement; the remaining limited participators indicated that they were not opposed to the settlement.

system, in accordance with the policies of the Postal Reorganization Act. Therefore, we approve the changes in classification and fees recommended by the Commission.

ESTIMATE OF ANTICIPATED REVENUE

The Postal Reorganization Act requires that our Decision include an estimate of anticipated impact on postal revenues (39 U.S.C. § 3625(e)). The evidentiary record in the proceeding reflects that the extension of the weight averaging portion of the current nonletter-size Business Reply Mail experiment as recommended by the Commission will have a negligible effect upon total test year costs and revenues.

ORDER

In accordance with the foregoing Decision of the Governors, the changes in classification and fees set forth in Attachment A hereto and incorporated herein are hereby approved and ordered into effect. In accordance with Resolution 99-6 of the Board of Governors dated May 26, 1999, the changes will take effect at 12:01 a.m. on June 8, 1999.

By The Governors:



Chairman

CHANGES IN FEE SCHEDULE

**FEE SCHEDULE 931
BUSINESS REPLY MAIL**

	Fee
Active business reply advance deposit account:	
Per piece	
Qualified	\$0.05
Nonletter-size, using reverse manifest (experimental)	\$0.02
Nonletter-size, using weight averaging (experimental)	\$0.03 <u>\$0.01</u>
Other	\$0.08
Payment of postage due charges if active business reply mail advance deposit account not used:	
Per piece	\$0.30
Annual License and Accounting Fees:	
Accounting Fee for Advance Deposit Account	\$300
Permit fee (with or without Advance Deposit Account)	\$100
Monthly Fees for customers using a reverse manifest or weight averaging for nonletter-size business reply	
Nonletter-size, using reverse manifest (experimental)	\$1,000
Nonletter-size, using weight averaging (experimental)	\$3,000 <u>\$600</u>
Set up/Qualification fee for customers using a reverse manifest or weight averaging for nonletter-size business reply	
Nonletter-size, using reverse manifest (experimental)	\$1,000
Nonletter-size, using weight averaging (experimental)	\$3,000

Note: Experimental per piece, ~~and~~ monthly, ~~and set up/qualification fees~~, are applicable only to participants selected by the Postal Service for the nonletter-size business reply mail experiment. The experimental fees expire June 7, 1999, February 29, 2000, or upon implementation of permanent fees for weight-averaged nonletter-size business reply mail, whichever comes first.

CHANGES IN THE DOMESTIC MAIL CLASSIFICATION SCHEDULE

930 **PAYMENT ALTERNATIVES**

931 **BUSINESS REPLY MAIL**

931.1 **Definitions**

931.11 Business reply mail is a service whereby business reply cards, envelopes, cartons and labels may be distributed by or for a business reply distributor for use by mailers for sending First-Class Mail without prepayment of postage to an address chosen by the distributor. A distributor is the holder of a business reply license.

931.12 A business reply mail piece is nonletter-size for purposes of this section if it meets addressing and other preparation requirements, but does not meet the machinability requirements specified by the Postal Service for mechanized or automated letter sortation.

This provision expires June 7, 1999, February 29, 2000, or upon implementation of permanent fees for nonletter-size business reply mail, whichever comes first.

931.2 **Description of Service**

931.21 The distributor guarantees payment on delivery of postage and fees for all returned business reply mail. Any distributor of business reply cards, envelopes, cartons and labels under any one license for return to several addresses guarantees to pay postage and fees on any returns refused by any such addressee.

931.3 **Requirements of the Mailer**

931.31 Business reply cards, envelopes, cartons and labels must be preaddressed and bear business reply markings.

931.32 Handwriting, typewriting or handstamping are not acceptable methods of preaddressing or marking business reply cards, envelopes, cartons, or labels.

931.4 **Fees**

931.41 The fees for business reply mail are set forth in Fee Schedule 931.

931.42 To qualify as an active business reply mail advance deposit trust account, the account must be used solely for business reply mail and contain sufficient postage and fees due for returned business reply mail.

931.43 An accounting fee as set forth in Fee Schedule 931 must be paid each year for each advance deposit business reply account at each facility where the mail is to be returned.

931.5 [RESERVED] Experimental Reverse Manifest Fees

~~931.51 A set-up/qualification fee as set forth in Fee Schedule 931 must be paid by each business reply mail advance deposit trust account holder at each destination postal facility at which it applies to receive nonletter size business reply mail for which the postage and fees will be accounted for through a reverse manifest method approved by the Postal Service for determining and verifying postage.~~

~~A distributor must pay this fee for each business reply mail advance deposit trust account for which participation in the nonletter size business reply mail experiment is requested.~~

~~This provision expires June 7, 1999.~~

~~931.52 A nonletter size reverse manifest monthly fee as set forth in Fee Schedule 931 must be paid each month during which the distributor's reverse manifest account is active.~~

~~This fee applies to the (no more than) 10 advance deposit account holders which are selected by the Postal Service to participate in the reverse manifest nonletter size business reply mail experiment and which utilize reverse manifest accounting methods approved by the Postal Service for determining and verifying postage and fees.~~

~~This provision expires June 7, 1999.~~

931.6 Experimental Weight Averaging Fees

931.61 **[RESERVED]** ~~A set-up/qualification fee as set forth in Fee Schedule 931 must be paid by each business reply mail advance deposit trust account holder at each destination postal facility at which it applies to receive nonletter size business reply mail for which the postage and fees will be accounted for through a weight averaging method approved by the Postal Service for determining and verifying postage.~~

~~A distributor must pay this fee for each business reply mail advance deposit trust account for which participation in the nonletter-size business reply mail experiment is requested.~~

~~This provision expires June 7, 1999.~~

- 931.62 A nonletter-size weight averaging monthly fee as set forth in Fee Schedule 931 must be paid each month during which the distributor's weight averaging account is active.

This fee applies to the (no more than) 10 advance deposit account holders which are selected by the Postal Service to participate in the weight averaging nonletter-size business reply mail experiment.

~~This provision expires June 7, 1999. February 29, 2000, or upon implementation of permanent fees for nonletter-size business reply mail, whichever comes first.~~

931.7 Authorizations and Licenses

- 931.71 In order to distribute business reply cards, envelopes, cartons or labels, the distributor must obtain a license or licenses from the Postal Service and pay the appropriate fee as set forth in Fee Schedule 931.

- 931.72 Except as provided in section 931.73, the license to distribute business reply cards, envelopes, cartons, or labels must be obtained at each office from which the mail is offered for delivery.

- 931.73 If the business reply mail is to be distributed from a central office to be returned to branches or dealers in other cities, one license obtained from the post office where the central office is located may be used to cover all business reply mail.

- 931.74 The license to mail business reply mail may be canceled for failure to pay business reply postage and fees when due, and for distributing business reply cards or envelopes that do not conform to prescribed form, style or size.

- 931.75 Authorization to pay experimental nonletter-size business reply mail fees as set forth in Fee Schedule 931 may be canceled for failure of a business reply mail advance deposit trust account holder to meet the standards specified by the Postal Service for the applicable reverse manifest or weight averaging accounting method.

~~This provision expires June 7, 1999. February 29, 2000, or upon implementation of permanent fees for nonletter-size business reply mail, whichever comes first.~~

RESOLUTION OF THE BOARD OF GOVERNORS
OF THE
UNITED STATES POSTAL SERVICE

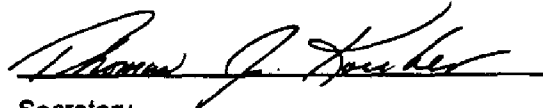
Resolution No. 99-6

Effective Date of New Classification and Fees

RESOLVED:

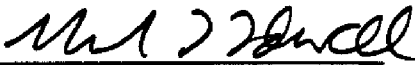
Pursuant to section 3625(f) of Title 39, United States Code, the Board of Governors determines that the classification and fees that were ordered to be placed into effect by the Decision of the Governors adopted on May 26, 1999, shall become effective at 12:01 a.m. on June 8, 1999.

The foregoing Resolution was adopted by the Board of Governors on May 26, 1999.


Secretary

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice and Procedure.


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May 27, 1999